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BRAZIL NUT PRODUCTION (Page 2)

CONTENTS

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON 25, D.C.

LATE NEWS

Philippine copra prices in Manila dropped to a low of $117 per long ton on June 18, 1949. Coconut oil was down to 12.7 cents per pound on June 16.

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Austrian production of milk and meat has improved but not sufficiently to remove these products from control of delivery quotas and fixed prices. Farmers are especially reluctant to deliver meat during the present pasture season and rationing of meat has been reduced 50 grams per week during this season. Egg supplies have been good since the improvement of indigenous production and larger imports in May. These increases in domestic production are due to the importation of feed and continued favorable growing conditions within the country.

FOREIGN CROPS AND MARKETS

Published weekly to inform producers, processors, distributors and consumers of farm products of current developments abroad in the crop and livestock industries, foreign trends in prices and consumption of farm products, and world agricultural trade. Circulation of this periodical is free to those needing the information it contains for dissemination and other related activities. Issued by the Office of Foreign Agricultural Relations of the U.S. Department of Agriculture, Washington 25, D. C.

BRAZIL NUT HARVEST SMALLER THAN EXPECTED

The 1949 preliminary estimate of Brazil nut production in Brazil is 24,800 short tons, unshelled basis, compared with 18,900 tons in 1948 and 30,400 tons in 1947. The estimate is only 8 percent above the 10-year (1938-47) average of 23,000 tons but 73 percent above the 5-year (1943-47) average of 14,300 tons. The 5-year average includes the war period when production was very small due to the cessation of exports. The 1949 preliminary estimate is divided among the principal producing areas as follows: Belem, 12,700 tons, Parintins, 900 tons, Itacoatiara, 800 tons, and Manaus, 10,400. Information as to production in the Bolivian area of the Amazon basin is not yet available. It is reported that the harvest was reduced from the higher forecast earlier in the season because of the relatively low prices paid at export centers almost from the beginning of the season.

BRAZIL NUTS: Estimated commercial production in Brazil, 1949 with comparisons

(Rounded to nearest 100 short tons)

Unshelled basis

Year	Brazil
	Short tons
Averages:	
1943-47	14,300
1938-47	23,000
Annual:	
1939	40,800
1940	44,200
1941	17,000
1942	14,500
1943	3,600
1944	3,300
1945	6,800
1946	27,500
1947	1/ 30,400
1948 2/	1/ 18,900
1949 2/	24,800

1/ Revised. 2/ Preliminary.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics of foreign governments, reports of U. S. Foreign Service officers, results of office research, and other information.

The exporters from the start of the season have been stating that the low prices received in the foreign markets would adversely affect the collection of nuts this season. The cost of inland freight has increased considerably since the start of World War II. The cost of the merchandise sold to natives has also increased considerably as has the cost of labor all along the line.

The combined effect of low export prices and high internal costs of delivering the nuts at export centers has resulted in the collection of nuts in the more readily accessible areas rather than in the more remote areas since the cost of bringing them to the export centers from the latter is higher. The economy of the Amazon Basin has not yet returned to a normal basis from the wartime boom. At present the export Trade expresses considerable doubt about the 1950 harvest. It is stated that with the operations for 1949 being unprofitable it is doubtful whether anyone will be interested in handling Brazil nuts next year unless there is an increase in export prices.

The 1949 export movement during the first 5 months of the year has been reasonably active. During the period under review 7,465 short tons of unshelled nuts are estimated to have been exported, of which 5,646 tons were to the United States, 1,626 tons to the United Kingdom and 83 tons to Canada. The remaining 183 tons were exported to Belgium, Portugal, New Zealand and other destinations. The export movement of shelled Brazil nuts during this period totalled 1,752 tons of which the United States accounted for 1,619 tons, the United Kingdom 37 tons, and Canada 27 tons. The balance was shipped to various other countries.

The f.o.b. Amazon ports prices during the first 5 months of 1949 for export to the United States were:

Month	Unshelled	Unblanched shelled	Blanched shelled
January			
1st half	10.00/14.00	25.25/44.00	26.00/52.00
2nd half	-	22.00/46.00	26.00/54.00
February			
1st half	10.00/13.50	35.00/44.00	40.00/53.00
2nd half	8.50/11.00	27.00/42.00	22.00/55.00
March			
1st half	8.75/11.00	25.50/41.00	39.00/56.00
2nd half	7.50/11.25	26.00/41.00	26.00/55.00
April			
1st half	7.50/11.50	35.00/40.00	38.00/52.00
2nd half	8.00/11.25	25.00/38.00	- -
May			
1st half	8.00/10.25	25.00/37.00	40.00/52.00
2nd half	8.00/10.00	-- /37.00	40.00/52.00

The present season has been marked by unusually large stocks of unshelled nuts available at export centers. It is reported nuts have been brought in from the jungle more rapidly than usual. The nuts generally are brought in at a rate which prevents excessive stocks from piling up at export centers. The market was very active from February through April, and slowed down considerably in May. The Trade feels that both United States and British buyers will re-appear in the market shortly to make their final purchases for the holiday trade. The exporters anticipate that the British Government will allocate from $800,000 to $1,200,000 sometime after July 1 for the purchase of Brazil nuts. The Brazilian Economic Mission now in London is reportedly trying to persuade the British to make some provision for the importation of Brazil nuts. At present the Trade in Brazil expect about 3,300 to 5,000 short tons of unshelled Brazil nuts to be sold to the United Kingdom before the season is over. The British import licenses favor the small and medium size nuts.

UNITED STATES: Imports of Brazil nuts, 1947-48 with comparisons

(Crop year September through August)

Year	Shelled			Unshelled		
	Brazil	Other countries	Total	Brazil	Other countries	Total
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
Average:						
1943-47	2,029	3	2,032	6,393	0	6,393
1938-47	3,389	75	3,464	7,882	5	7,887
Annual:						
1937-38	3,124	129	3,253	6,951	0	6,951
1938-39	4,330	176	4,506	9,501	15	9,516
1939-40	5,698	23	5,721	11,603	0	11,603
1940-41	7,876	272	8,148	13,705	0	13,705
1941-42	4,107	261	4,368	8,501	0	8,501
1942-43	1,739	6	1,745	3,548	35	3,583
1943-44	1/	0	1/	0	0	0
1944-45	0	0	0	1/	0	1/
1945-46	3,958	1	3,959	5,889	0	5,889
1946-47	3,260	12	3,272	11,739	0	11,739
1947-48	2,925	1/	2,925	14,336	0	14,336
1948-49 2/	1,742	10	1,752	7,235	0	7,235

1/ Less than one-half ton.
2/ 8 months, September through April.

Compiled from records of the Bureau of the Census.

It is reported also that a number of Mexican importers have recently made connections in Brazil for the direct importation of nuts. Although the market has been slow since May no difficulty is anticipated in the disposal of the harvest. However, the disposal will be at prices not entirely satisfactory to the Trade in Brazil.

On June 10 it was estimated stocks of unshelled nuts on hand at export centers were: Belem, 3,410 short tons; Parintins, 275 tons; Itacoatiara, 138 tons and Manaus, 3,585 tons.

COMMODITY DEVELOPMENTS

TOBACCO

SYRIAN AND LEBANESE TOBACCO ACREAGE AND PRODUCTION DECLINE; EXPORTS LOWER

The 1948 tobacco crop in Syria and Lebanon is reported to be about 13 percent below the 1947 harvest, according to the American Legation in Beirut. The area planted to tobacco in 1948 was about 10 percent below 1947, and the yield per acre was also lower. Leaf exports in 1948 were about 14 percent below 1947.

The 1948 crop is reported by the tobacco Regie, which controls tobacco growing and marketing in Syria and Lebanon, at 11.6 million pounds from 17,866 acres. This compares with 13.3 million pounds from 19,918 acres in 1947 and an annual average of 12.6 million pounds from 19,691 acres during the 5-year period 1942 through 1946. The 1948 yield per acre of 648 pounds was 3 percent below the 1947 yield of 667 pounds, but slightly above the 1942-46 average of 637 pounds per acre.

Syria's leaf production accounted for 72 percent of the total for the 2 countries in 1948, as compared with 73 percent in 1947 and 85 percent in the 1942-46 period. Lebanon's leaf production, composed of native and Oriental types, totaled 3.2 million pounds from 5,041 acres in 1948. Leaf production in Syria in 1948 totaled 8.4 million pounds from 12,825 acres. Production of Abou riha (latakia), the country's principal export type, totaled 3.6 million pounds, or 43 percent of the total in 1948, as compared with 54 percent in 1947 and 56 percent in the 1942-46 period. In addition to Abou riha, Syria in 1948, produced 3.5 million pounds of sheik el bent, 0.9 million pounds of tombac (water pipe tobacco), and a small quantity of Syrian and hassan keif leaf.

SYRIA AND LEBANON: Tobacco, acreage and production, 1948 with comparisons

Type	Acreage			Production		
	Average 1942-46	1947	1948	Average 1942-46	1947	1948
	Acres	Acres	Acres	1,000 pounds	1,000 pounds	1,000 pounds
Syria						
Abou Riha	7,226	6,439	4,087	5,990	5,190	3,638
Sheik el Bent	7,237	6,620	6,897	3,607	3,496	3,527
Tombac	1,379	1,203	1,260	805	783	886
Syrian	439	482	561	175	192	313
Hassan Keif	66	22	20	63	15	13
Total	16,347	14,766	12,825	10,640	9,676	8,377
Lebanon						
Native	2,351	3,422	-	1,361	2,485	-
Oriental	993	1,730	-	551	1,124	-
Total	3,344	5,152	5,041	1,912	3,609	3,197
Grand Total	19,691	19,918	17,866	12,552	13,285	11,574

Source: Syrian and Lebanese Tobacco Regie.

Leaf exports from Syria and Lebanon in 1948 totaled 5.4 million pounds, as compared with 6.2 million pounds in 1947 and about 5 million pounds in 1946. Exports of Abou riha (latakia) leaf totaled 5 million pounds, or 93 percent of the total leaf exports in 1948. The United States took 3.3 million pounds, or 65 percent of the Abou riha exports in 1948. Other countries taking this type include Belgium, Denmark, France, the Netherlands, Norway, the United Kingdom, Canada, and Egypt.

MEXICO'S TOBACCO IMPORTS LARGER; EXPORTS DECLINE

Mexico's imports of leaf tobacco in 1948 were 38 percent above 1947 and far above the prewar level, the American Embassy in Mexico City reports. Exports of leaf in 1948 were 50 percent below 1947 but 56 percent above the prewar average.

The country's 1948 leaf imports totaled 2,587,000 pounds, as compared with 1,880,000 pounds in 1947 and an annual average of 215,000 pounds in the prewar, 1935-39, period. All 1948 imports, which consisted largely of flue-cured and Burley leaf, came from the United States. In addition to leaf, Mexico imported about 28,700 pounds of cigarettes, 2,200 pounds of cigars, 11,000 pounds of shredded tobacco and small quantities of chewing tobacco and snuff.

Leaf exports in 1948 totaled 327,000 pounds, as compared with 649,000 pounds in 1947 and an annual average of 210,000 pounds in the 1935-39 period. Belgium and the Netherlands were the principal outlets for Mexico's leaf in 1948. These countries took 119,000 pounds and 205,000 pounds, respectively. The remainder went to Denmark, Germany, France, and Spain. In addition to leaf, Mexico exported 11,000 pounds of manufactured tobacco products in 1948.

RETAIL TOBACCO PRICES
INCREASED IN PORTUGAL

Retail prices of most manufactured tobacco products were increased in Portugal following a May 16, 1949, authorization by the government permitting manufacturers to raise prices of most products by 16.5 percent, according to the American Embassy in Lisbon. This action was authorized because of the 25 percent increase in duties on imported leaf which became effective April 15, 1949.

The retail prices of all popular-priced products were raised following the authorization on May 16. The price of the newly introduced American blend cigarette, Vic, which sells for 5 escudos (20.2 cents) per package of 20, and a few of the lowest priced items consumed largely by rural workers remain unchanged.

New prices of the 3 most popular brands of cigarettes in packages of 20, are as follows: Unic, 3.60 escudos (14.5 cents); 3 Vintes, 2.90 escudos (11.7 cents); and Suave, 2.80 escudos (11.3 cents). The new prices for the most popular brands of cut tobacco are as follows: Superior, 2.20 escudos (8.9 cents) per package of 15 grams; Frances, 2.30 escudos (9.3 cents) per package of 15 grams; and Virginia, 1.80 escudos (7.3 cents) per package of 12.5 grams.

GRAINS, GRAIN PRODUCTS AND FEEDS

I.E.F.C. AMENDS 1949 WORLD
RICE ALLOCATION

A shift in sources of supply of rice allocated for Europe was announced June 22 by the Food and Agriculture Organization of the United Nations. The total amount now allocated is 8,320 million pounds, an increase of 88 million over the 8,232 million pounds previously recommended for distribution. (See Foreign Crops and Markets, June 27, 1949).

The International Emergency Food Committee on Rice authorized the withdrawal by Burma of 88 million pounds from the amount which that country had declared available for export to Europe, and re-allocated the rice to Pakistan, increasing Pakistan's total allocation for 1949 to 187 million pounds.

Total availabilities to Europe were not affected. The United States advised the Rice Committee that it was prepared to increase its availabilities for Europe by 22 million pounds. Another 22 million was declared available by the Mexican representative, while the Egyptian representative added 18 million pounds to the European supply. In addition, an unallocated reserve of 26 million pounds was made available to European countries. These additional availabilities total 88 million pounds.

DROUGHT UNRELIEVED IN PARTS
OF CANADA'S GRAIN AREA

Serious deterioration to grain crops was continuing over large areas of Canada's grain belt in late June, despite some improvement following cooler weather and rains in some parts, according to official reports of the Dominion Bureau of Statistics.

Areas reporting most serious conditions were in south central and south western Saskatchewan and central Alberta. In addition to deterioration from drought in these areas, frost had caused local damage. Grasshoppers, which had threatened severe damage, were said to be well under control in all three Provinces, though damage might still occur, especially in the most seriously affected districts of central Saskatchewan.

Rains and cool weather in Manitoba in mid-June further improved the crop outlook in that Province. Prospects there were considered very promising with stands of grain generally heavy, and pastures much improved, especially in areas where moisture reserves had been lowest. Spraying for weeds and grasshoppers was in full swing in the seriously affected areas, during late June. No serious grasshopper damage had shown up at that time.

Crop prospects for Saskatchewan improved during June though poor conditions still existed in parts. Moisture conditions were reported reasonably satisfactory in the eastern part of the Province but further rains were urgently needed in most of the southwestern districts, at the time of the report. In the southern part of the Province the crop appearance was generally good except in western districts, where it was characterized as fair to poor. Conditions in central districts were variable, ranging from good to poor. Conditions were generally favorable in northern sections, but with further moisture required to maintain satisfactory progress. Losses from grasshoppers had been held to a minimum, but there still remained potential danger of heavy damage in the most seriously infested districts.

Crop prospects were reported extremely variable in Alberta. Cool weather had helped maintain conditions in some areas and parts of southern Alberta had received rain, but crops continued to deteriorate

in much of central Alberta. Reports indicated that general rains were needed immediately if crops there were to make a comeback. Some local frost damage had been reported in the Edmonton area. Control measures were effectively limiting grasshopper damage in most areas.

U. S. WHEAT AND FLOUR IMPORT QUOTAS FROM CANADA FILLED

Canada's quota of 795,000 bushels of wheat and 3.8 million pounds of flour has been virtually filled for the quota year ending May 26, 1950, according to a recent announcement of the U. S. Treasury Department. The quotas, first established in 1941, limit total imports from all sources to 800,000 bushels of wheat and 4.0 million pounds of flour during any quota year

The current year's flour quota from Canada was filled by June 6. The quota includes semolina, crushed or cracked wheat, and similar products as well as flour. The wheat quota was reported 96 percent filled by entries for consumption authorized up to June 22.

ARGENTINA CALLS FOR INCREASED WHEAT ACREAGE

The Argentine Ministry of Agriculture on June 1 called on growers to increase the wheat acreage, now being seeded, to about 17 million acres. This would be a substantial increase over the small wheat area of the past 2 years, and would bring the acreage back to the 1940-1944 level, though still not up to prewar averages.

No official estimate of last season's acreage has been released. It was, however, believed to be about the same as the 1947-48 area of 13.5 million acres. Trade sources are reported to be pessimistic about the prospects of that area being exceeded this season, since the season was already well advanced when the appeal for increased acreage was made. Labor shortages and high labor costs have contributed to the smaller acreages. Dissatisfaction with prices paid producers is also reported to have affected seedings. In addition to these continuing influences, scarcity of good seed may be a factor this season.

Though the Ministry's statement included a reference to a guarantee of remunerative prices, no definite price was mentioned. Growers are reported to feel that the price would have to be higher than the $1.86 per bushel set for the 1948-49 crop in order to increase acreage.

Government help was promised in the provision of seed and credit. In addition, priority is to be given to foreign exchange for farm machinery repair parts.

TROPICAL PRODUCTS

CEYLON'S CACAO PRODUCTION AND EXPORTS INCREASE

Ceylon's 1948-49 cacao crop is now estimated at 5,264,000 pounds as compared with 4,600,000 pounds in 1947-48 and an annual average of 7,931,000 pounds in the prewar years, 1935-39, according to the American Embassy in Colombo. Exports of cacao from Ceylon in 1948 amounted to 5,195,000 pounds, representing an increase of 27 percent over 1947 exports of 4,097,000 pounds, but still substantially less than annual average exports of 7,931,000 pounds in the prewar period.

Java was the leading destination for Ceylon's 1948 cacao exports, followed by Turkey, Egypt, the Philippine Islands, and Italy. In prewar years, the Philippine Islands was Ceylon's best cacao customer, taking an annual average of 3,535,000 pounds or nearly half of Ceylon's cacao exports. The United Kingdom imported an annual average of 1,400,000 pounds of cacao from Ceylon in prewar years, but took less than 25,000 pounds in 1948.

CEYLON: Exports of cacao beans in 1948, with comparisons

Destination	Average 1935-39	1946	1947	1948 1/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Egypt	40	979	801	633
Italy	48	0	0	556
Java	4	0	0	784
Philippine Islands	3,535	572	684	596
Turkey	0	35	224	701
United Kingdom	1,400	1	224	25
Other	2,904	1,464	2,164	1,900
Total	7,931	3,051	4,097	5,195

1/ Preliminary

Ceylon Customs Returns and United States Foreign Service reports.

Ceylon produces a flavor cacao of the Criollo variety, one of the higher-priced cacaos on the world market. The land area suitable for cacao is rather limited. The main crop is harvested from November to January and the intermediate crop from May to July. Ceylon's 1948-49 main crop of cacao amounted to 4,368,000 pounds. The intermediate crop is usually about half as large as the main crop, but inadequate

rain both at blossom time and during the ripening period is expected to result in a 1948-49 intermediate crop of only about 896,000 pounds. The entire 1948-49 crop can be considered an exportable surplus, as the amount of cacao consumed in Ceylon is negligible.

HONDURAN COFFEE
PRODUCTION HIGHER

Exportable production of coffee in Honduras from the 1948-49 harvest is currently estimated at 65,000 bags, an increase of about 70 percent over the exportable surplus of 38,000 bags from the 1947-48 harvest and approximately 140 percent higher than the annual average exportable production of 27,000 bags in the prewar period from 1935 to 1939, according to the American Embassy in Tegucigalpa.

Internal consumption of coffee in Honduras amounts to about 42,000 bags annually. In addition, it is also estimated that about 20,000 bags not included in the exportable surplus, pass over the border into El Salvador each year without being recorded. Therefore, the total production of coffee in Honduras in 1948-49 probably amounted to at least 127,000 bags, substantially higher than the 1947-48 total crop of 100,000 bags.

The bumper 1948-49 coffee crop was attributed to the favorable weather conditions, and especially to the lack of rain from September through April which enabled the coffee berries to mature fully without damage. Local coffee exporters report that the coffee beans are larger than usual and that the washing methods of the growers have improved. They point out that the improvement in the preparation of the coffee beans for market resulted from the intensified program of the Comite Nacional del Cafe (National Coffee Association) in distributing instruction pamphlets containing information as to better washing methods. The Director General of Agriculture of Honduras states that according to reports received from coffee-growing districts the coffee trees blossomed heavily, and if the good weather conditions continue, the 1949-50 crop should be about the same in quantity and quality as the 1948-49 crop.

Because of the favorable agricultural conditions for growing coffee in the highlands and high world market prices, Honduras is making every effort to increase the quantity and quality of coffee for export. An agricultural coffee experimental station, the first in Honduras, has been established in Los Limones for the purpose of developing stronger and better bearing coffee plants and rapid growing shade trees. Plans are being made to improve roads between coffee-growing districts and principal highways. In the 1947-48 fiscal year, Honduras exported 53,000 bags of coffee, compared with 32,000 bags in 1946-47.

FEDERATION OF MALAYA'S TEA
PRODUCTION LARGER

In 1948, the Federation of Malaya increased its tea production to 2,258,000 pounds from 1,242,000 pounds in 1947 and a prewar 1935-39 annual average of 1,270,000 pounds, according to the American Consulate

General, Singapore. Exports of tea in 1948 amounted to 642,000 pounds, compared with 108,000 pounds in 1947 and an annual average of 606,000 pounds in prewar years. The 1948 acreage of tea was estimated at 9,516 acres, compared with 9,732 acres in 1947 and an annual average of 5,050 acres in the prewar period. Of the total planted area, 5,037 acres were actually bearing tea in 1948 as compared with 3,627 acres in 1947.

FATS AND OILS

INDIA'S FLAXSEED AND RAPESEED ACREAGES DOWN

India's 1948-49 flaxseed and rapeseed acreages are slightly lower than the areas planted in 1947 for harvest in 1948, according to the second official estimates.

The flaxseed area is placed at 3,277,000 acres as against 3,252,000 acres (revised), the second estimate for 1947-48, and 3,338,000, the final figure for the same year. There has been some decrease in Hyderabad, but this was more than offset by the increased acreage in Madhaya Bharat and the Central Provinces and Berar.

The second estimate of rape and mustard seed for the 1948-49 season is 1,646,000 acres compared with 1,711,000 acres (revised), the corresponding figure for the preceding year and 4,389,000 acres, the final estimate for the same year. The decrease is attributed mainly to reduced acreage in Assam and East Punjab. Reduction in East Punjab is reported to be due to unsettled conditions in the province following partition and to scanty rains at sowing time in some districts.

BRITISH EAST AFRICAN PEANUT PROJECT AFFECTED BY DROUGHT

British East African production of peanuts and sunflower seed, in the Kongwa and Urambo areas of Tanganyika, is expected to be 3,000 and 1,500 long tons, respectively, according to a report from the American Consulate, Dar es Salaam. Both of these crops, the harvest of which began in May, suffered from a severe sub-continental drought which caused premature ripening in the Central and Western Province areas, thereby necessitating harvesting operations a month early. The Southern Province did not suffer generally from the drought, but only 600 acres had been planted experimentally in that area. Yields have been reported as good.

CUBAN VEGETABLE OIL CONSUMPTION RISES

Available edible oils did not fill all Cuban demands in 1948. Supplies were not as scarce as in the previous 6 or 7 years, however, and consumption was about one-eighth larger than in 1947. Although

troubled by shortages early in 1948, Cuban soap and paint manufacturers had sufficient vegetable oils in the last 3 or 4 months of the year.

CUBA: Consumption of vegetable oils and forms of utilization, annual 1946-48

Oil	Consumption			Major forms of utilization
	1946 1/	1947 1/	1948 2/	
	Million pounds	Million pounds	Million pounds	
Cottonseed	0.9	0.4	3.3	Edible, hydrogenation
Olive	1.9	1.3	4.0	Edible, salad
Peanut	12.0	10.5	4.7	Edible, cooking
Soybean	5.2	8.5	8.7	Edible, cooking
Sesame	.0	.0	2.7	Edible, cooking
Miscellaneous edible	.0	.1	.5	Edible, cooking
Coconut	3.0	7.1	7.0	Soap manufacture
Palm	1.1	.8	1.0	Soap manufacture
Linseed	3.2	2.5	3.0	Paint manufacture

1/ Based on revised data. 2/ Preliminary.

American Embassy, Habana.

Smaller plantings, poor seed germination, and untimely rains in the growing season reduced the 1948-49 Cuban peanut crop to about 22.5 million pounds (unshelled), the smallest since 1938-39, and only 48 percent as large as the 1947-48 crop. About 18.2 million pounds of peanuts were crushed to produce 4.9 million pounds of edible oil, compared with 11 million pounds of oil in the previous season. There is no commercial production of soybeans in Cuba and plantings of sesame seed are on only an experimental basis. These have been fairly successful and larger operations are planned for 1949. The sesame seed used has been the "Venezuela 52" variety.

Cuban consumption of vegetable oils in 1948 was limited by a lack of adequate supplies most of the year. The scarcity was not so severe as during the war or in other postwar years, but it kept prices at unreasonably high levels and encouraged black marketing. Consumption of edible oils was about 12 percent greater than that of 1947 and totaled about 24 million pounds, or 4.5 to 5.0 pounds per capita. Demand was strong throughout the year because lard, like oils, was constantly in short supply. Furthermore, the availability of different kinds of oil changed the consumption pattern considerably. More olive, cottonseed, and sesame oils, but much less peanut oil was used in 1948 than had been customary during the previous 6 or 7 years.

Local wholesale prices of vegetable oils were not sensitive to price changes abroad during most of 1948 because a relative shortage kept Cuban prices at artificially high levels. In the last quarter of the year, however, as supplies of oils and lard on the island increased, and as foreign prices declined sharply, local wholesale prices of most oils declined and enforcement of the government's flexible ceilings improved.

Imports of edible oils in 1949, except olive oil, are likely to be almost as large as in 1948 because the prospective decrease in supplies of domestic peanut oil is almost equivalent to the expected decline in consumption of cooking oils. Olive oil imports in 1949 may not exceed 1,250 short tons, a severe drop from the 2,300 tons imported in 1948.

CUBA: Imports of vegetable oils, annual 1947 and 1948

Oil	1947	1948 1/
	Short tons	Short tons
Castor	231	n.a.
Coconut	4,378	3,850
Cottonseed	42	1,807
Linseed	855	n.a.
Olive	836	2,297
Palm	596	619
Sesame	0	1,512
Soybean	4,701	4,615
Other	8	337
Total	11,647	15,037

1/ Unofficial ships' manifest data.

American Embassy, Habana.

INDIA REGULATES DESCRIPTION OF VANASPATI

The use of the words "vanaspati" and "vegetable products" for hydrogenated peanut, coconut or cottonseed oil has been banned by the Government of India. Manufacturers are now required to designate their products as hydrogenated peanut or coconut or cottonseed oil as the case may be.

Vanaspati has been extensively produced by factories in India for sale as a substitute for ghee (clarified butter), and has been called "vegetable ghee". Under whatever name this product is sold, it will probably continue to be widely used, thereby providing a market for most of the peanut oil produced in India. Were it not for this product the supply of ghee and butter would be wholly inadequate to meet consumer demand, and similarly, the supply of sesame, coconut and mustard seed oil used by the vast majority of Indian people as cooking media would be insufficient, especially in urban areas.

U. K. NEGOTIATES LONG-TERM
CONTRACT FOR OILS AND OILSEEDS

The largest contract for oils and oilseeds from any one source ever negotiated by the British Ministry of Food will become effective January 1, 1950. Inasmuch as the United Kingdom is dependent upon imports for more than 85 percent of its fats and oils, the recent announcement of the signing of this new contract is highly significant.

The agreement with the Nigerian Produce Marketing Company, guarantees to the British Government, until January 1, 1953, purchase rights for the entire exportable surplus of oils and oilseeds of the Nigerian Groundnuts Marketing Board, Nigerian Oil Farm Produce Marketing Board and the Nigerian Cotton Marketing Board.

It has been indicated by the British Ministry of Food that available supplies under the terms of the agreement will total, roughly, 1,000,000 tons a year in terms of oilseeds and nuts. This represents some 560,000 tons of oil and fat equivalent or about 40 percent of Britain's present consumption of edible oils and 48 percent of its present technical oil usage.

COTTON AND OTHER FIBER

U. K. RAW COTTON CONSUMPTION
LEVELING OFF 1/

Raw cotton consumption in the United Kingdom is showing signs of leveling off and will probably be no more than 2 million bales during the 1948-49 season. This would be an increase of only 80,000 bales over consumption of 1,920,000 bales during the 1947-48 season.

Cotton consumption in April, the latest month available averaged about 35,560 bales per week. This was a decline from the 40,000 bales per week average in February and March. Yarn production figures would indicate that cotton consumption made a marked recovery in May but holidays and vacations will affect production in June and July and it is doubtful if the 1948-49 official goal for consumption of 2,100,000 bales will be reached. The goal for the 1949-50 season has been set at 2,200,000 bales.

The principal limitation upon raising output has been the shortage of labor. The number of workers still is only three-fourths the prewar level and it is not likely that recruitment for added production will go much further. Increased production, it is now believed, must come from increased output per worker. There has been considerable study

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1/ Based upon reports of Kathleen M. Greaves, American Consulate, Manchester.

of productivity and of changes that could be made in traditional working methods so that existing manpower could be used to the best advantage. This re-distribution of the labor load has been termed re-deployment. Proponents have undertaken to demonstrate that re-deployment could increase productivity per worker from 10 to 20 percent.

Raising productivity by modernizing equipment is another governmental policy accepted by the industry as unquestionably desirable. However, progress has been slow. The cost of new machinery is a heavy financial burden even to those firms which qualify under the cotton spinning Re-equipment Subsidy Act for a grant of 25 percent of the cost of the equipment. The number of firms which have been willing to amalgamate in order to qualify for the re-equipment subsidy has been less than the authorities expected. It is believed that high machinery costs have caused many firms to modify or postpone plans for replacement of existing machinery.

Another difficulty concerns raw cotton supplies. There has been no shortage of cotton as such since stocks have never fallen below a 7 months' supply. The difficulty lies in the continuity of supply of the particular qualities required for the production of a wide variety of yarn and of cloth produced in the United Kingdom. Many growths have been unavailable or prices too high.

Old-crop supplies of Brazilian and Peruvian cotton have been exhausted and new-crop cotton has just started to arrive on the market. Purchases of Peruvian cotton have been small because of the difficult exchange position. Prospects are that better grades of Brazilian cotton will be scarce. India has banned exports of cotton to soft currency areas and allocations of Pakistan cotton for the United Kingdom have been small. These supply difficulties in other countries have caused a broadening demand for United States cotton as British spinners seek substitutes for qualities not available in normal sources or for growths considered overpriced.

United States exports to the United Kingdom in the first 9 months of the current season (beginning August 1, 1948) were 558,000 bales as compared to only 272,000 bales over the entire 1947-48 season. For the entire 1948 49 season the total is expected to reach 700,000 bales. In view of the difficult supply position in many cotton exporting countries, United States cotton exports to the United Kingdom are expected to be even higher in the 1949-50 season and may reach 1 million bales.

Export trade in cotton goods remains good and the cotton industry still can readily dispose of anything it produces. There has been some sales resistance reported in dollar areas but difficulties have arisen mostly from currency and import restrictions in certain markets rather than from a lack of buying interest. However, price is now becoming an

important factor in the export trade and costs have tended to increase since labor productivity has not kept pace with wage increases. The cotton textile industry still remains the spearhead of the British export drive.

The 1948 export targets for cotton textiles were attained only by limiting severely the amount available for the home market. This caused a relative shortage of cotton garments and household textiles in the United Kingdom which inevitably must continue for some time. The 1949 export target has been set even higher than that of 1948, and with production leveling off, may be more difficult to attain, especially as the recent abandonment of domestic consumer rationing of cotton textiles and the abolition of regulations governing the export of cotton textiles will release the full impact of the domestic demand on supply. At the same time, official controls over cotton yarn and grey cloth prices have been withdrawn and any further tendency of textile prices to rise would likely bring about a lessening of demand.

However, in the long run much depends on the ability to reduce production costs in meeting the competition that is arising from continental Europe and from Japan. It is felt that the key to lower cost is modernization of the industry and increased output per worker. But progress in both these endeavors has been slow over the past year.

DROP IN CHINESE COTTON CONSUMPTION

Cotton mill consumption in China is declining due to a shortage of raw cotton. In the first 10 months of the current season which began August 1, 1948, it was estimated that cotton consumption in all China was 1,650,000 bales (480 pounds net) or an average of 165,000 bales per month. During the 3 months' period of March, April, and May, it was estimated that consumption averaged about 138,500 bales per month. Most of this decline has occurred in coastal areas where mills are handicapped by a shortage of raw cotton.

With the fall of Shanghai, Tsingtao, and Tientsin, the Chinese Communist forces have now gained control of 91 percent of Chinese operable cotton spindles. As of June 15, 1949, the Chinese Nationalists controlled only 400,000 spindles, while 4,365,000 operable spindles and nearly all of the cotton-producing areas are now in possession of the Chinese Communists.

Supplies of Chinese cotton for local mills were very scarce in 1948 because the Chinese Nationalists held nearly all the cotton mills, while the Chinese Communists controlled most of the raw cotton-producing areas. The Chinese Communists now control most of the cotton-producing areas as well as most of the textile industry.

Damage to mills from the civil war is believed to be very limited and confined largely to the Tientsin area. Most of the mills are back in operation but face a serious shortage of raw cotton.

Stocks of foreign cotton are low and in view of the tight foreign exchange situation raw cotton imports will be difficult to obtain. The Chinese Communists are making every effort to barter cotton yarn and cloth or other commodities for raw cotton. It is estimated that 300,000 bales of imported cotton will be required to run the mills, even at the present reduced rate, until the new crop becomes available in October 1949. The import duty on raw cotton has been suspended and importers were promised that import licenses will be issued more freely.

Stocks of domestic cotton in the interior are not as heavy as was generally expected and transportation to the mills is difficult due to a shortage of ships and rolling stock.

There is no shortage of cotton for the small number of mills located in the Chinese Nationalist-held areas. The 325,000 spindles in interior Chinese Nationalist-held areas are near raw cotton producing areas that can furnish ample supplies of domestic cotton. The 75,000 spindles in Nationalist-held coastal areas are amply supplied with foreign cotton diverted from Shanghai.

During the first 10 months (August-May 1948-49) of the current season cotton mill consumption in all China has been estimated at 1,650,000 bales. If consumption is maintained, even at the present reduced rate through June and July, consumption during the current season should be near 1,925,000 bales as compared with 2,031,000 bales in the 1947-48 season.

Commercial cotton stocks in China June 1, 1949, were estimated at 575,000 bales, 165,000 of which were in Shanghai. This represents about 4 months' supply at the March-May rate of consumption of 138,500 bales per month. About 575,000 bales are needed to maintain this rate of mill consumption until the new crop becomes available in October 1949, but it is not expected that over 275,000 bales can be collected from cotton stocks still held in the interior. In addition to mill requirements it is estimated that the quantities used for spinning, padding, and other home uses have averaged about 100,000 bales per month over the first 10 months of the current season.

Despite efforts of the Chinese Communists to increase cotton acreage in China in 1949 there is expected to be a slight decline from last season's figure. Tentative estimates place 1949 acreage at only about 6,075,000 acres compared with 6,284,000 acres in 1948. This is approximately 65 percent of the estimated 1937 area when 9,413,000 acres were planted. Cotton production in 1949 is estimated at 2,036,000 bales as compared with 2,114,000 bales in 1948 and 3,542,000 bales in 1937.

The decline in acreage is due in some part to unfavorable weather in many parts of China. North China and Manchuria experienced a severe drought and other areas were damaged by floods, wind, and hail storms.

Furthermore, farmers generally prefer food crops to cotton as cotton prices have been unfavorable in relation to prices of rice and other commodities. From February to May 1949 wholesale prices of raw cotton in the Shanghai market were relatively lower than yarn and cloth prices. However, raw cotton prices are now expected to rise rapidly due to the raw cotton shortage in coastal areas. Foreign cotton has usually been sold for lower prices than domestic cotton in the coastal areas during the past year and the recent temporary exemption of cotton from the import duty gives foreign cotton a further advantage.

LARGER COTTON CROP EXPECTED IN EGYPT

The 1949 cotton crop in Egypt is estimated by private sources at 2,088,000 bales (of 500 pounds gross weight) E. R. Raymond, Agricultural Attache at Cairo reports. This is nearly 14 percent more than last year's crop of 1,836,000 bales and 10 percent more than the prewar average of 1,893,000 bales. The record crop of 1937 amounted to 2,281,000 bales.

It is significant that most of the expected increase in production this year is in the group of extra long-staple varieties (comprised mostly of Karnak, Giza 30, and Menoufi) despite efforts of the government to encourage a reduction in these varieties in favor of the shorter staple Ashmouni and Zagora. A preliminary estimate (see table indicates a probable decrease of 24 percent in production of Ashmouni and Zagora in 1949.)

EGYPT: Production of cotton by staple lengths, 1945-46 to 1949-50

(Bales of 500 pounds gross)

Year	1-3/8 inches and above	1-1/4 to 1-3/8 inches	1-1/4 inches and under	Linters and unclassified cotton	Total
1945-46	778,000	2,000	279,000	23,000	1,082,000
1946-47	844,000	5,000	373,000	30,000	1,252,000
1947-48	304,000	29,000	956,000	25,000	1,314,000
1948-49	531,000	189,000	1,086,000	30,000	1,836,000
1949-50 1/	973,000	289,000	826,000	2/	2,088,000

1/ Estimate.
2/ Not shown separately.

Compiled from OFAR records.

The condition of the 1949 crop is reported to be satisfactory in all parts of Egypt although in the early stages it was retarded to some extent by unfavorable weather in Lower Egypt. Reports of leaf worm infestation have been received from 8 provinces and the Minister of Agriculture has announced plans to mobilize a labor force to combat the attack.

Exports of cotton during August-May 1948-49 totaled 1,356,000 bales compared with 1,395,000 for a similar period a year ago. Sharp increases in exports to India and the United Kingdom were more than offset by decreases in exports to the United States, France, Italy and to a smaller extent, nearly all other countries in Europe.

EGYPT: Cotton exports by countries of destination, average 1934-38, annual 1945-47, August-May 1947-48 and 1948-49

(Bales of 500 pounds gross)

Countries of destination	Year beginning August 1				August-May	
	Average 1934-38	1945	1946	1947	1947-48	1948-49
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Australia	-	4.3	12.9	10.9	10.9	1.0
Austria	18.4	1/	2/	2/	2/	2/
Belgium-Luxemburg	18.7	10.7	33.5	21.8	21.6	11.3
China	20.9	2/	15.4	2.2	2.2	3/
Czechoslovakia	59.9	7.8	1.6	61.6	60.5	39.7
France	215.2	139.2	140.4	219.6	219.5	100.3
Germany	171.6	2/	2/	2/	2/	15.4
India	99.9	118.1	276.3	191.1	182.4	281.7
Italy	114.7	133.0	274.5	166.2	165.0	96.7
Japan	148.5	2/	2/	2/	2/	30.6
Netherlands	5.7	2/	7.7	15.4	15.2	41.0
Spain	43.6	4.0	21.2	45.1	44.0	23.1
Sweden	12.3	3.0	4.7	33.1	32.9	13.1
Switzerland	71.1	31.9	46.1	28.9	28.7	16.4
United Kingdom	554.4	290.9	351.8	354.6	331.3	448.9
United States	48.8	53.3	116.9	39.2	89.2	44.2
Others	143.0	60.8	174.2	248.9	191.4	192.8
Total	1,746.7	862.0	1,467.2	1,488.6	1,394.8	1,356.3

1/ Included with Germany.
2/ If any, included in "Others."
3/ Less than 50 bales.

Compiled from Monthly Summary of the Foreign Trade of Egypt, and Foreign Service reports.

A proposal by Soviet Union officials to exchange 100,000 metric tons of wheat for Egyptian cotton with an equivalent value has not been accepted by the Egyptian Government. A decision is still pending, however, while prices of wheat from other countries are being obtained for comparison. A 1-year trade agreement was concluded recently with India under which 300,000 Egyptian bales (about 450,000 bales of 500 pounds) of cotton and 40,000 tons of rice will be exported to India in exchange for jute, tea, coconut oil, and rubber goods.

The Egyptian-Swiss trade agreement of 1948 was extended for 6 months from May 1, 1949, and provides for sale of Egyptian Karnak, Fully Good grade, to Swiss spinners at 71 tallaris per cantar (59 cents a pound). The spot price of this variety and grade at Alexandria on June 2, 1949, was about 82.25 tallaris (68.5 cents). Preliminary drafts of proposed agreements with Poland and Yugoslavia involving exchange of cotton for other commodities and manufactured goods are being studied by the Egyptian Ministry of Finance.

Exports of extra long staple varieties during the present season to May 31 rose by nearly 15 percent while exports of the shorter staples decreased by about 12 percent. Spot prices of the longer staples rose sharply during May 1949 because of the extremely short supply available from stocks not in possession of the government. On the other hand, prices of the shorter staples declined slightly in May as demand weakened. Futures for extra long staples declined in view of the large crop expected this year.

Stocks of all cotton in Egypt at the end of May 1949 were equivalent to 1,013,000 bales or slightly under the figure of 1,091,000 bales a year ago. Domestic mill consumption estimated at 172,000 bales for September-May 1948-49 is slightly higher than 161,000 bales for a similar period last year. The present supply of cotton textiles is in excess of demand, however, and a solution of the surplus problem is being sought to avoid a sharp reduction in mill operations.

COTTON-PRICE QUOTATIONS
ON FOREIGN MARKETS

The following table shows certain cotton-price quotations on foreign markets converted at current rates of exchange.

COTTON: Spot prices in certain foreign markets, and the U.S. gulf-port average

Market location, kind, and quality	Date 1949	Unit of weight	Unit of currency	Price in foreign currency	Equivalent U.S. cents per pound
Alexandria		Kantar			
Ashmouni, Good	6-30	99.05 lbs.	Tallari	42.30	35.28
Ashmouni, F.G.F.	"	"	"	39.55	32.99
Karnak, Good	"	"	"	(not quoted)	
Karnak, F.G.F.	"	"	"	(not quoted)	
Bombay		Candy			
Jarila, Fine	"	784 lbs.	Rupee	620.00	23.86
Broach, Fine	"	"	"	650.00	25.01
Karachi		Maund			
4F Punjab, S.G., Fine	6-29	82.28 lbs.	"	87.00	31.90
289F Sind, S.G., Fine	"	"	"	92.00	33.73
289F Punjab, S.G., Fine	"	"	"	93.00	34.10
Buenos Aires		Metric ton			
Type B	6-30	2204.6 lbs.	Peso	1/ 4000.00	54.03
Lima		Sp. quintal			
Tanguis, Type 5	6-28	101.4 lbs.	Sol	310.00	30.34
Pima, Type 1	"	"	"	410.00	40.13
Recife		Arroba			
Mata, Type 4	6-30	33.07 lbs.	Cruzeiro	200.00	32.90
Sertao, Type 5	"	"	"	180.00	29.61
Sao Paulo					
Sao Paulo, Type 5	"	"	"	198.00	32.58
Torreon		Sp. quintal			
Middling, 15/16"	"	101.4 lbs.	Peso	197.00	22.46
Houston-Galveston-New Orleans av. Mid. 15/16"	"		Cent	XXXXX	32.12

Quotations of foreign markets reported by cable from U.S. Foreign Service posts abroad. U.S. quotations from designated spot markets.

1/ Nominal.